

Message Text

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

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TO AMEMBASSY BRASILIA

INFO AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

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SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TWO DIRECT CREDITS TOTALLING \$43,245,000 IN FAVOR OF VARIG OF
BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,
D.C. FOR A.M. PAPERS, THURSDAY, MAY 9, 1974.

QUOTE: EXIMBANK FINANCING SUPPORTS \$96.1 MILLION

SALE OF U.S. JET AIRCRAFT TO BRAZIL

TO SUPPORT A \$96.1 MILLION SALE OF U.S. JET AIRCRAFT WITH RELATED
SPARE PARTS AND SERVICES TO BRAZIL, THE BOARD OF DIRECTORS OF
THE XPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED TWO
DIRECT CREDITS TOTALLING \$43,245,000 IN FAVOR OF VARIG (VIACAO
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AEREA RIO-GRANDENSE) OF BRAZIL, ACCORDING TO EXIMBANK'S

CHAIRMAN WILLIAM J. CASEY.

ONE EXIMBANK DIRECT CREDIT OF \$30,600,000 WILL FINANCE 45 PERCENT OF THE U.S. COSTS OF TEN BOEING 737-200 JET AIRCRAFT WITH RELATED SPARE PARTS AND SERVICES COSTING \$68 MILLION. EUROPEAN AMERICAN BANK AND TRUST COMPANY OF NEW YORK WILL ALSO PROVIDE A CREDIT OF \$30,600,000 TO FINANCE ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. VARIG WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR \$6.8 MILLION.

THE BOEING COMPANY OF SEATTLE, WASHINGTON, WILL MAKE DELIVERY OF THESE AIRCRAFT STARTING IN OCTOBER 1974 WITH FINAL DELIVERY IN JUNE 1975.

THE LOANS FOR THE 737S ARE TO BE REPAYED IN 2 SCHEDULES OF 20 SEMIANNUAL INSTALLMENTS EACH BEGINNING MAY 5, 1975, AND SEPTEMBER 5, 1975, RESPECTIVELY, WITH EXIMBANK'S DIRECT CREDIT OF \$30,600,000 TO BE REPAYED OUT OF THE LAST 10 INSTALLMENTS OF EACH SCHEDULE.

THE OTHER EXIMBANK DIRECT CREDIT OF \$12,645,000 WILL FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS OF \$28.1 MILLION OF ONE DC-10 JET AIRCRAFT WITH RELATED SPARE PARTS, EQUIPMENT AND SERVICES. A CREDIT OF \$12,645,000 WILL BE PROVIDED BY CHASE MANHATTAN BANK, N.A. OF NEW YORK, TO COVER ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. VARIG WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR \$2,810,000. MCDONNELL DOUGLAS CORPORATION WILL MAKE DELIVERY IN MAY 1975.

THESE LOANS FOR THE DG-10 PURCHASE ARE TO BE REPAYED IN 20 SEMI ANNUAL INSTALLMENTS BEGINNING NOVEMBER 5, 1975, WITH EXIMBANK'S DIRECT CREDIT OF \$12,645,000 TO BE REPAYED OUT OF THE LAST 10 INSTALLMENTS.

INTEREST ON EXIMBANK'S CREDITS IN BOTH TRANSACTION WILL BE AT THE ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES AND REPAYMENT IS TO BE GUARANTEED BY BANCO NACIONAL DO DESENVOLVIMENTO ECONOMICO ON BEHALF OF THE NATIONAL TREASURY OF BRAZIL. UNQUOTE RUSH

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